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December 11, 2009

Subject: Docket No. R-1366

Dear Ms. Johnston:

Yield Spread Premium is not simply a means of compensating mortgage originators; Yield Spread Premium also serves consumer interests by affording greater flexibility in structuring loans, and enhancing consumer choice.

Yield Spread Premium allows consumers to compensate originators for origination services when they pay none, or only some of the origination fees or closing costs up front. This is a legitimate and legal way for borrowers to finance those up-front costs through the interest rate.

Choosing to finance closing and origination costs through the rate allows borrowers to purchase and start building wealth through their home without requiring significant outlays of cash in addition to the down-payment at the outset of the loan.

Eliminating Yield Spread Premium will remove no-cost and no-fee loan options for borrowers. Yield Spread Premium is beneficial for many consumers who are ready to own a home but have to overcome the hurdle of significant closing costs, or for customers that choose to realize the savings of keeping their cash and financing their costs through their loan rate.

Mortgage originators often use Yield Spread Premium to pay for part or all of their title fees, which, in a given transaction, may not be borne by either the borrower or lender. In such instances, the originator's net compensation is reduced accordingly.

Please do not change Regulation Z as a knee-jerk reaction to a temporary crisis. Look long term and make the right choice.

Thank You,

A handwritten signature in black ink, appearing to read 'Steven Vieira'.

Steven Vieira
Operations Manager
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